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Testimony
on
"Improving the Administration of the E-Rate Program"
before the Federal Communications Commission

By Dr. Alan Whitworth
Jefferson County Public Schools (Louisville, KY)
and
Council of the Great City Schools   RECEIVED

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Chairman Powell, Commissioner Abernathy, and other esteemed members of the Commission, I am pleased to be participating in this Forum on behalf of the Jefferson County Public Schools, located in Louisville, Kentucky, and the Council of the Great City Schools, the coalition of the nation's largest central-city school districts. I appreciate the opportunity to contribute to your efforts to improve a program as important as the E-Rate is to our nation's educational system

My name is Alan Whitworth, and I am the Executive Director for Information Technology for the Jefferson County Public Schools. Metro Louisville is designated the 16th largest metropolitan area in the United States, and our district serves in excess of 95,000 students in grades pre-Kindergarten through grade 12, about 50% of whom are eligible for Free and Reduced-Price Lunch. We are the 26th largest school district in the United States, and operate in 152 schools over a 385 square mile area. Of the 50 largest US metropolitan areas, the Louisville metro area was rated #1 in "computer use in schools" by the Metropolitan New Economy Index released by the Progressive Policy Institute in 2001. Pervasive access to a high speed network has contributed to this ranking.

The Jefferson County Public Schools have received over $13 million in reimbursements from the E-rate program for technology and telecommunications services provided to students, and we have been an active participant in the program from its inception. Funding commitments from the Universal Service Fund, along with local and state funding, have allowed JCPS to deploy network technologies and accelerate our ability to do so. Prior to the initiation of the E-rate, we were wiring our schools only as funds were available. This would have resulted in an 18-year time span before all of the schools in Louisville would have had access to the Internet, clearly an unpromising reality. In 1997, we developed a plan to equip all our 4,600 classrooms in all schools with telephones and multiple student access points for the Internet over a 5-year period based on impetus

1

provided by the new E-Rate program. In total, the E-rate provided about one third of the total cost of doing so. Today, I'm pleased to report that all classrooms in all buildings are equipped with telephones and internet access, with only two exceptions. These two schools have access to the Internet in their computer laboratories and library, and the schools themselves are being replaced with newly constructed buildings and will be equipped with similar technology when they open.

Over this time, we have been able to focus our other funds on non-reimbursable items, and now have more than 18,000 computers in school laboratories, libraries, and classrooms. All teachers and most other employees (total of 12,000) have been trained in the use of productivity tools, the use of e-mail, and the numerous uses of the Internet. Teachers specifically have been trained in the strategic uses of the Internet to present content, provide opportunities for cooperative learning, increase student and teacher productivity, how to obtain professional development delivered by the Internet, and how to create a web-enabled classroom. All of our core content areas have a standardized set of web-based resources to support their specific area of study. Technology is the tool that the workforce of the future will rely on, and the E-rate has enabled us to better prepare and serve all of our students.

The E-Rate provides us tremendous benefits, and while efforts by the FCC and SLD have improved the process over recent years, the process of applying for and receiving universal service discounts can still be cumbersome. Like many districts, there are difficulties in the Universal Service program centered on the meshing of local procurement regulations and the mandates of the E-rate's competitive bidding process. In the State of Kentucky, local procurement regulations require that a formal competitive bid must be sought for any item or service with a dollar cost beyond a certain value (currently set at $20,000). This local bid process takes a minimum of 6 weeks. Until recently, it was extraordinarily difficult to accomplish the locally mandated bidding process within the 'filing window' demanded by the E-rate. Thankfully, changes in the E-rate regulations have allowed us additional time in order to meet our state and local requirements, as well as the program's rules. Jefferson County also found that a short filing window overloaded the vendor market with too many requests for bids. Our district has seen lower and better bids for the work involved since these changes have been made and a longer time frame is allowed.

We think the situation I just described could be further improved by proposing an alternative that works with our local bidding requirements to allow the utilization of an existing state contract or an existing Federal (i.e. GSA) contract. The rationale for this is the assumption that the goods or services covered by the existing contract have already been through a formal public bid process. We feel that the E-rate regulations should recognize these contracts as well, and remove some of the burden of duplicate bidding in order to achieve compliance with the E-rate.

I would also like to comment on the proposals that have been put forth regarding a change in the priority levels for Internal Connections reimbursements. While the program was established to provide support for the neediest schools and libraries, there are other

2

schools and districts that may not qualify for the 90% discount band, yet still have high populations of disadvantaged students that would benefit greatly from the technology enhancements that E-Rate can provide. Proposals that would lower the priority level from 90% would not meet this need. Proposals which retain the 90% level for eligible applicants while also serving locations within a lower range of discounted rates are more appropriate, and would continue to meet the objectives of the original program.

One such suggestion includes the FCC's own proposal to limit reimbursements for 90% schools and libraries that recently received a funding commitment for Internal Connections. In such a scenario, applicants could receive Internal Connections funding for a one or two year period, followed by a one or two year period of ineligibility. Urban districts, which have schools within a range of different discount levels, support such a proposal. However, this rule change should apply to all applicants and not merely the 90% sites, which would effectively harm the schools and students the program was intended to assist. A rule change such as this should also only make specific items in specific buildings ineligible in the off-years, and not the entire district, as city schools systems like Jefferson County have hundreds of schools located within its boundaries. Urban schools also believe that maintenance costs, currently reimbursed under Internal Connections, should not be considered ineligible for any year. Disallowing funding for regular maintenance work that all schools and libraries must undertake is an avoidable decision that would undercut the original investment made by the FCC in a locality's technology infrastructure, and would place additional costs on a school district that simply may not be able to afford the vital upkeep.

As improvements are made to the E-Rate program, the FCC is considering ways to maximize the number of schools and districts of great need that can benefit from the Universal Service Fund. Many districts, especially in the current climate of state and local budget deficits, must struggle to find their portion of funds necessary to complete E-Rate projects, even when receiving a 90% reimbursement. Schools and districts feel an obligation to provide a high-quality educational environment that our students deserve, and in the current climate of state and local budget cuts, this responsibility is what often leads them to look for innovative funding solutions. It is with these good intentions that some districts contracted with vendors that promised the greatest benefits for students, and overlooked the fact that their district was being promised more from the E-Rate than they were eligible for. These actions not only put stress on the program as a result of the public denials issued by the SLD, but also injure the neediest students and schools as a result of vendors attempting to "game" the discount system.

While Jefferson County Public Schools was not involved in these SLD denials, some of my colleagues in other districts were susceptible to the promises marketed by vendors. A combination of complex and evolving program rules, the federal, state and local procurement policies that govern each district's application and a noble desire to fully serve the students in their constituency led many of the involved districts to believe they were eligible for the services that were offered to them. The vendors involved in such cases should be sanctioned, but it would be supremely unfair to punish the students and teachers that already toil in our most challenging schools with stretched budgets,

inadequate resources, and poor facilities. The actions of the SLD to date certainly will deter future applicants that may otherwise fall into the same situation, and strict action against the vendors attempting to capitalize with questionable business practices will send a message to those considering such recklessness in the coming years. However, requiring a resubmission for impacted districts would have a comparable deterrent effect, and would be preferable to an outright denial of funds.

Despite not being involved in such cases, the Jefferson County Public Schools is still undergoing the SLD's "Selective Review" process, which is lengthy, difficult, and slow to yield answers. We are not certain why our district was chosen for this review, although we suspect that by contracting with a vendor involved in the problems outlined above, even for a small project, the SLD highlighted our application for careful scrutiny. The concern over this practice has been echoed by other districts, and school systems with reliable applications and a clean history with the program have been tainted solely by association with a questionable vendor.

As an example of the delay resulting from the Selective Review, our District filed an E-rate application in January 2002, for the funding year July 1, 2002 through June 30, 2003. In December 2002, six months after the start of the funding period, we were notified of a review of our application, to which we responded by February 2003. As of this time, 16 months since our initial filing, we still have no confirmation as to the status of our application or whether we will be funded for Year 2002. At the same time, the SLD has already begun disbursing funding commitments for Year 2003. The result of this drawn out response time and uncertainty of funding is that we had to proceed as though the E-rate did not exist, and commit over $2 million additional local dollars to technology projects in order to keep our implementation plans on schedule, and to provide communications support for the technology already in place. The use of these local funds for these projects has had an adverse effect on other programs in our district. We still can not count on the availability of funds, nor can we budget utilizing E-rate funds. This situation is not unique to our school district or this current funding year, and such periods of inactivity undermine the long-term planning ability of applicants that the E-Rate was meant to foster.

The delay that districts must endure during a Selective Review or PIA evaluation could be made less troublesome if the applicant had improved communication from the SLD regarding the process, such as a letter or notice regarding the completeness of materials, an ongoing assessment of the review's findings, and an estimate of the conclusion of the review. More clarity during these waiting periods could eliminate the frustration that many applicants experience, and could also let school districts assist USAC in resolving discrepancies and reducing paperwork.

Absent the Selective Review process, big cities and other large applications are also often put at a disadvantage by having their requests administered late in the program year. Urban schools submit the largest applications to the SLD, and, perhaps due to the complexity of their requests, often receive their funding commitments well into the year. The size and scope of the projects in the largest districts require sufficient time for

completion, as well as sufficient planning to schedule work when classes are not in session and paying overtime for off-peak services can be kept to a minimum. The SLD has made progress in recent years in their effort to review all requests in a timely manner, and the FCC decision to extend the deadline for non-recurring services to September 30th has alleviated some of the pressure on large school districts. But quicker responses for all applicants will improve the completion of scheduled work, the timely payment for services, the unnecessary re-application for funds for a certain project, and the efficiency of the program.

With a program as complex and large as the E-Rate, there are many constituencies with proposals that they feel will also improve the operations and efficiency of the program. Some of these proposals, however, seem to have no purpose other than subvert the FCC's intention of providing universal service discounts to those with the greatest need. The suggestion that E-Rate reimbursements be converted into a state block grant program represents such a proposal. The federal-to-local funding stream is the only mechanism which assures that local sites with documented need get the assistance they need to enhance their educational services for children. The federal-to-state-to-local system that would exist with a state block grant merely creates another bureaucratic layer, and provides no assurance that schools and libraries eligible for assistance would receive funding commitments. A similar state block grant proposal was rejected by Congress during consideration of No Child Left Behind, as legislators on Capitol Hill recognized that funding for important programs such as Title I, which also focuses on schools and children of low-income levels, must reach its intended beneficiaries.

Some of the controls within the E-rate program may be somewhat self-defeating in that they are focused on defining "fraud, waste and abuse" in terms of process and dollars. But no school or district uses funding received as an indicator of success, and the bottom line will always be the ability to improve student achievement. In Louisville, the availability of technology tools that allow students to spend time on tasks related to their education has been given great importance, and the availability of E-rate funding has been a primary factor in our district's ability to provide such an environment. The E-rate has allowed more equity of access – by which I mean a wider distribution in the district and within schools, as well and a higher quality of access, in terms of speed and bandwidth available. The result of this can only mean an increased time for learning and educational activities for students in all classes, and an increased opportunity to raise the achievement of our children.

A possible improvement in the E-rate accountability process would be to develop some specific criteria related to the resources made available through the program. The measure would be predominately qualitative as opposed to quantitative, and would yield data representative of the utilization of resources. Such an assessment should be provided by a third party contracted to SLD, such that a school district would be allowed to focus on educational use rather than justifying the cost-effectiveness of their technology effort.

Jefferson County Public Schools are appreciative for the existence of the E-rate. and fully support the continued availability of a program whose benefits far exceed its faults. I would like to thank the SLD for their assistance and willingness to work with urban school districts, and I believe that the SLD does a better job of implementing this vital program than a more decentralized or state-run system would be able to. Jefferson County Public Schools and the Council of the Great City Schools look forward to working with the FCC, USAC, and the SLD to continue to meet the tremendous educational needs that exist in urban schools, and make any improvements to the E-Rate that will help the program meet its goals. The importance of the E-rate to our children can not be overstated in terms of the opportunities it has provides and the support it gives to the primary and secondary education process.